

## **EXHIBIT 2**

HIGHLY CONFIDENTIAL - OUTSIDE ATTORNEYS' EYES ONLY

Page 1

1                   IN THE UNITED STATES DISTRICT COURT

2                   FOR THE SOUTHERN DISTRICT OF NEW YORK

3

4                   NIKE, INC.,    )

5                   Plaintiff,    )

6                   vs.    )

7                   STOCKX LLC,    )

8                   Defendant.    )

9

10

11

12

13

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14

VIDEO-RECORDED 30(b) (6) DEPOSITION OF

15

HEATHER PAULSON

16

Portland, Oregon

17

Friday, January 6, 2023; 9:11 a.m.

18

19

20

21

22

REPORTED BY:

23

Victoria A. Guerrero, CSR, RPR, CRR

24

Job No. 5593361

25

Pages 1 through 291

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1 IN THE UNITED STATES DISTRICT COURT  
2 FOR THE SOUTHERN DISTRICT OF NEW YORK  
3

4 NIKE, INC., )  
5 Plaintiff, )  
6 vs. ) Case No.:  
7 STOCKX LLC, ) 1:22-cv-00983-VEC  
8 Defendant. )  
9 \_\_\_\_\_ )  
10  
11  
12  
13  
14  
15

16 BE IT REMEMBERED that, pursuant to Federal  
17 Rules of Civil Procedure, the 30(b)(6) deposition of  
18 HEATHER PAULSON taken on behalf of the Defendant was  
19 taken before Victoria A. Guerrero, Certified  
20 Shorthand Reporter, Registered Diplomate Reporter,  
21 Registered Merit Reporter, and Certified Realtime  
22 Reporter, on Friday, January 6, 2023, commencing at  
23 the hour of 9:11 a.m., at Stoel Rives LLP, 760 SW  
24 Ninth Avenue, Suite 3000, in the City of Portland,  
25 County of Multnomah, State of Oregon.

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1           your current role?

2           A     Yes.

3           Q     What is your current title?

4           A     VP of Connected Marketplace.

5           Q     As the VP of Connected Marketplace, you are  
6           responsible for the Global New Commerce Business  
7           which we've been discussing and Connected  
8           Partnership?

9           A     Yes.

10          Q     What is Connected Partnership?

11          A     Connected Partnership is how we extend Nike  
12          Direct capabilities. So if you think about  
13          connected membership and connected inventory to our  
14          traditional partners.

15                 So the ones that we talked about at the  
16          beginning. So Dick's, Foot Lockers, Alano  
17          (phonetic), the people who sell the bulk of our  
18          product, we're figuring out how to reset and evolve  
19          and bring to a new era, bring into a new era a  
20          business model with our traditional partners.

21          Q     And you mentioned connected membership.  
22          What does that mean?

23          A     It means our ability to know and serve  
24          members wherever they're shopping across the  
25          marketplace. So if you go to a Dick's Sporting

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1 Nike's digital goods business?

2 MR. MILLER: Objection to form.

3 THE WITNESS: No.

4 BY MR. FORD:

5 Q So we've talked a lot about various ways in  
6 which Nike sells product directly to consumers. Do  
7 you understand what I mean when I use the term  
8 "secondary marketplace"?

9 MR. MILLER: Objection to form.

10 BY MR. FORD:

11 Q Or do you understand the term "secondary  
12 marketplace"?

13 A I know how I would define it.

14 Q How would you define secondary marketplace?

15 A I would define it as a -- I would define it  
16 as a marketplace that enables sales of product after  
17 the first sale to, you know, match supply and  
18 demand. So in Nike's case, the resale of sneakers.

19 Q And during your time at Nike, [REDACTED]

[REDACTED]

[REDACTED]

21

22 A [REDACTED]

23 MR. MILLER: Objection to form.

24 BY MR. FORD:

25 Q [REDACTED]

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1 [REDACTED]

[REDACTED]

3 MR. MILLER: Objection to form.

4 THE WITNESS: [REDACTED]

5 BY MR. FORD:

6 Q And what discussions do you recall being  
7 involved in in 2015?

8 A [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13 MR. MILLER: Objection to form.

14 THE WITNESS: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

19 BY MR. FORD:

20 Q Just so I'm sure we understand each other,  
21 when you say "heat" of the product, what do you  
22 mean?

23 A How covetable our product is.

24 Q The demand for Nike products among  
25 consumers?

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1 MR. MILLER: Objection to form.

2 THE WITNESS: I wouldn't phrase it that  
3 way. That's more -- demand to us is how much  
4 of the product sold. This is more about brand  
5 heat and relevance.

6 BY MR. FORD:

7 Q Got it. When you say [REDACTED]

[REDACTED] " what do you mean?

9 MR. MILLER: Objection to form.

10 THE WITNESS: [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

15 BY MR. FORD:

16 Q [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

20 MR. MILLER: Objection to form.

21 THE WITNESS: I mean like in the AJ1  
22 versus the AJ7 versus the Air Force 1, and  
23 specifically the triple wide Air Force 1. [REDACTED]  
[REDACTED]  
[REDACTED]

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1 BY MR. FORD:

2 Q [REDACTED]

3 [REDACTED]

4 MR. MILLER: Objection to form.

5 THE WITNESS: Yes.

6 BY MR. FORD:

7 Q [REDACTED]

8 [REDACTED]

9 Q Who is Josh Luber?

10 A At the time he was the CEO of Campless.

11 Q And other than Mr. Luber and Campless, [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 MR. MILLER: Objection to form.

15 THE WITNESS: I or my team did not.

16 BY MR. FORD:

17 Q What is Campless?

18 A Campless was a side project for Josh who  
19 worked at IBM at the time that sold data mostly to  
20 investment banks and other people on the price that  
21 sneakers were trading for on secondary marketplaces.  
22 At the time primarily eBay.

23 Q [REDACTED]

24 [REDACTED]

25 MR. MILLER: Objection to form.

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1

THE WITNESS: [REDACTED]

5

BY MR. FORD:

6

Q [REDACTED]

8

[REDACTED] Withdrawn. Let me restart that question.

10

MR. MILLER: Objection to form.

11

THE WITNESS: No. [REDACTED]

13

BY MR. FORD:

14

Q [REDACTED]

18

MR. MILLER: Objection to form.

19

THE WITNESS: [REDACTED]

22

BY MR. FORD:

23

Q I'm trying to understand. [REDACTED]

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1 A Yes.

2 Q So let's start there.

3 A Yes.

4 Q [REDACTED]

[REDACTED]

[REDACTED]

7 MR. MILLER: Objection to form.

8 THE WITNESS: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

20 BY MR. FORD:

21 Q Got it. That's, I think, what I was trying  
22 to get at, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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1 Sounds like it was the latter?

2 MR. MILLER: Objection to form.

3 THE WITNESS: [REDACTED]

[REDACTED] [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

8 BY MR. FORD:

9 Q [REDACTED]  
[REDACTED]

11 MR. MILLER: Objection to form.

12 THE WITNESS: [REDACTED]

[REDACTED]  
[REDACTED]

15 BY MR. FORD:

16 Q [REDACTED]  
[REDACTED]  
[REDACTED] [REDACTED]  
[REDACTED]

20 MR. MILLER: Objection to form.

21 THE WITNESS: I'm not aware.

22 BY MR. FORD:

23 Q [REDACTED]  
[REDACTED]

25 MR. MILLER: Objection to form.

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1 THE WITNESS: [REDACTED]

[REDACTED]

[REDACTED]

4 BY MR. FORD:

5 Q And what -- let's take those separately.

6 [REDACTED] -- I guess  
7 let me -- let me withdraw that and back up.

8 [REDACTED]

[REDACTED]

10 MR. MILLER: Objection to form.

11 THE WITNESS: Ongoing.

12 BY MR. FORD:

13 Q And during what time period beginning in  
14 2015, [REDACTED]

[REDACTED]

16 MR. MILLER: Objection to form.

17 THE WITNESS: It concluded -- depends what  
18 you mean by "conclude."

19 BY MR. FORD:

20 Q So you said it was ongoing?

21 A Yes.

22 Q Is it ongoing 'til today?

23 A No.

24 Q When did it cease?

25 A [REDACTED]

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1 And then I'm not sure exactly when it ceased. It  
2 ceased after I left North America Analytics and  
3 moved to my global role.

4 Q [REDACTED]

6 MR. MILLER: Objection to form.

7 THE WITNESS: I don't recall. If I had to  
8 guess, [REDACTED]

14 BY MR. FORD:

15 Q Sure. [REDACTED]

17 MR. MILLER: Objection to form.

18 THE WITNESS: Yeah. [REDACTED]

23 BY MR. FORD:

24 Q But you weren't receiving it in realtime, I  
25 guess --

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1 opportunity, do you recall

A            Oh, yes.

Q      What was another one?

A

Q And what does that refer to?

A

23

Ω

25

Q So just so I understand, the opportunity

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1       ends in 620, it reads, Nike is the most  
2       counterfeited brand. Nike is the top selling  
3       sneaker brand on the second market.

4                     Is it your understanding that this  
5       sentence, "Nike is the most counterfeited brand," is  
6       with respect to all brands or sneaker brands or what  
7       is the -- when it's the most counterfeited, do you  
8       know what that's in relation to?

9                     MR. MILLER: Objection to form.

10                  THE WITNESS: I don't know what it's in  
11       reference to. Could be either of the two  
12       hypotheses you suggested.

13                  BY MR. FORD:

14                  Q     Do you personally have any understanding as  
15       to whether Nike is the most counterfeited brand in  
16       general or just within a particular segment?

17                  A     I don't have personal knowledge. I know  
18       that I have heard statements before and I've never  
19       asked the clarifying question, is that within our  
20       industry or broader?

21                  Q     But do you believe it's an accurate  
22       statement that at least within some point of  
23       reference Nike is the most counterfeited brand?

24                  MR. MILLER: Objection to form.

25                  THE WITNESS: We're the largest brand, so

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1           yes. It's consistent with that.

2 BY MR. FORD:

3           Q     When you say "the largest brand" there, do  
4        you mean largest brand within the sneaker industry?

5           MR. MILLER: Objection to form.

6           THE WITNESS: Yes. We're also the largest  
7        apparel brand, but yes.

8 BY MR. FORD:

9           Q     That's helpful. So your understanding is  
10      Nike is the largest apparel brand as well as the  
11      largest sneaker brand?

12          A     Yes.

13          Q     So is it your understanding also that Nike  
14      is the most counterfeited sneaker brand?

15          MR. MILLER: Objection to form.

16          THE WITNESS: Is it my understanding. I  
17      don't have specific facts on it, but it  
18      certainly wouldn't surprise me. And I've heard  
19      statements like that frequently in my time at  
20      Nike.

21 BY MR. FORD:

22          Q     From other Nike employees?

23          A     Yes.

24          Q     Including Nike Brand Protection employees?

25          A     Including gray market employees. I can't

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1           exactly other than what's in the appendix. We  
2           didn't talk about this specifically.

3 BY MR. FORD:

4           Q     So if you look -- when you say the  
5           appendix, do you mean these next --

6           A     Yes.

7           Q     -- three slides that refer to adidas, Blue  
8           Bite, Foot Locker, GOAT.

9           A     Yes.

10          Q     Let me just take these in turn. Does Nike  
11          consider adidas a competitor?

12          A     Yes.

13          Q     Does Nike consider Blue Bite a competitor?

14          A     No.

15          Q     Do you know what Blue Bite is?

16          A     No.

17          Q     Does Nike consider Foot Locker a  
18          competitor?

19          A     Probably. More a partner.

20          Q     Do you know what GOAT is?

21          A     Yes.

22          Q     Does Nike consider GOAT a competitor?

23          A     Probably not.

24          Q     Does Nike consider StockX a competitor?

25          A     Probably not.

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1 that we've been discussing?

**2 A Yes.**

3 Q And you write below that,

Term	Percentage (%)
Global warming	98
Green energy	95
Sustainable development	92
Clean water	90
Renewable energy	88
Carbon footprint	85
Recycling	82
Biodiversity	78
Organic food	75
Eco-friendly	72
Green technology	68
Climate change	65
Energy efficiency	62
Green building	58
Green products	55
Green infrastructure	52
Green economy	48
Green space	45
Green transportation	42
Green architecture	38
Green waste	35
Green building	32
Green energy	28
Green infrastructure	25
Green economy	22
Green transportation	18
Green architecture	15
Green waste	12
Green products	8
Green infrastructure	5
Green economy	2
Green transportation	1
Green architecture	0

21 MR. MILLER: Objection to form.

22 THE WITNESS: I am the global leader of  
23 new commerce partners. So I don't run every  
24 partnership, but yes, I would consider them  
25 part of the scope of my role.

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1 BY MR. FORD:

2 Q [REDACTED]

16 Q Does your team -- actually, withdrawn.

17 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

21 MR. MILLER: Objection to form.

22 THE WITNESS: I don't think I understand  
23 the question.

24 BY MR. FORD:

25 Q Sure. Let me try again. Do you have

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1 well as the SNKRS app?

2 A Yes. And mobile web, yes.

3 Q What was the difference between the Nike --  
4 general Nike commerce app, as you put it, and the  
5 SNKRS app?

6 MR. MILLER: Objection to form.

7 THE WITNESS: There are a lot of  
8 differences. The experience is different, the  
9 products sold there are different, the  
10 consumers themselves are different.

11 BY MR. FORD:

12 Q In what way are the consumers different?

13 A I should actually say the occasion that is  
14 served is different. This SNKRS app is more around  
15 -- more maybe culturally leading, cultural pushing  
16 styles that are oftentimes more allocated and it's  
17 serving more that style of sport.

18 And our Nike app is more, we sell  
19 sportswear there, too, but it's more serving the  
20 performance occasion, people who want to run, people  
21 who want to play soccer. And it's more grounded  
22 there.

23 BY MR. FORD:

24 Q When you say that the SNKRS app has styles  
25 that are oftentimes more allocated, what do you mean

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1 by "allocated"?

2 A [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10 BY MR. FORD:

11 Q [REDACTED]

[REDACTED]

13 MR. MILLER: Objection to form.

14 THE WITNESS: I don't know that at any  
15 level of detail. It's not in the scope of my  
16 role.

17 BY MR. FORD:

18 Q That's fine. Why was the deck that we're  
19 looking at here as Exhibit 7 put together?

20 A [REDACTED]

[REDACTED]

[REDACTED]

23 Q So this deck was put together in and around  
24 April of 2019; is that right?

25 A Looks like it.

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1 BY MR. FORD:

2 Q I see. So less chicken and egg and more  
3 sort of iterative development of the business model  
4 alongside deeper learnings about consumer  
5 preferences?

6 A Yes.

7 Q The third bullet there says, it's -- not a  
8 bullet, but the third line says, [REDACTED]  
[REDACTED]

19 MR. MILLER: Objection. And I will  
20 caution the witness to answer that question  
21 without revealing any information that would  
22 have been given to you by counsel. So if you  
23 can answer the question without revealing any  
24 attorney-client communications, you can, but  
25 I'm giving you that caution.

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1                   THE WITNESS: Okay. We felt that there  
2                   were key risks to -- that we learned from  
3                   consumers. And -- just generally. And I think  
4                   the two key ones, from my recollection, one is  
5                   not from a legal perspective, but from a  
6                   consumer perspective -- let me start with this  
7                   one.

8

[REDACTED]

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1 Q So there would have been a final version of  
2 this deck where these comments would have been  
3 resolved and removed?

4 MR. MILLER: Objection to form.

5 THE WITNESS: Yes. There should have been  
6 a final version of this deck. Although, at  
7 some point, as I said, we decided to move away  
8 from this. But I don't -- I don't remember  
9 when that was.

10 BY MR. FORD:

11 Q [REDACTED]

23 MR. MILLER: Objection to form.

24 THE WITNESS: Pre-COVID. So sometime

25 between May and, you know, September,

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1                   outside the scope.

2                   THE WITNESS: I did not. Nor the  
3                   additional 20, on slide 12, partners who are  
4                   mentioned.

5                   BY MR. FORD:

6                   Q       There's a lot of partners in here.

7                   A       [REDACTED]

8                   Q       Okay. You can set that aside.

9                   A       I'd love to read this, actually. It's  
10                  fascinating.

11                  Q       So moving away from your 30(b)(6)  
12                  designated testimony since, I think, as you've  
13                  testified, [REDACTED]

14                  [REDACTED] have you personally ever  
15                  purchased anything on StockX?

16                  A       I have.

17                  Q       What have you purchased on StockX?

18                  A       I purchased two AWOKs in the early days,  
19                  back in the day, as I was getting to know the  
20                  partner and understanding how they work, I like to  
21                  do that. And I also purchased a handful of Jordans  
22                  for my nephew.

23                  Q       I apologize for being less familiar with  
24                  the brands here. Can you maybe spell -- you said  
25                  you purchased two AWOKs?

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1           A     Yeah.  Very cool shoes.  They're Anna  
2     Wintour OKs.  We did a collaboration with Anna  
3     Wintour of Vogue and she signs everything she  
4     approves of A-W-O-K.

5           Q     Ah, I see.

6           A     So they're Jordan, AJ1 and AJ3.  So two of  
7     our Jordan, like, kind of franchises.  And then she  
8     used her materials and her color and, you know,  
9     they're her design.

10          Q     And those are Nike shoes that were sold in  
11     collaboration with Anna Wintour?

12          A     Yes.

13          Q     So other than the two AWOKs, what else did  
14     you -- have you purchased on StockX?

15          A     A handful of Jordans for my nephew, which  
16     is -- Jordan is a Nike brand.

17          Q     When you say a "handful," about how many?

18          A     Two or three.

19          Q     And during what time period did you make  
20     those purchases?

21          A     2016 to last March.

22          Q     When you say "last March," you mean March  
23     of 2022?

24          A     Yes.

25          Q     Do you recall what the last purchase you

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1 made on StockX was?

2 A One of my nephew's Jordans.

3 Q Have you purchased anything on StockX  
4 besides the Nike shoes that you just described?

5 A No. I don't believe so.

6 Q Have you ever sold anything on StockX?

7 A No.

8 Q Have you ever returned or disputed any of  
9 the items you purchased on StockX?

10 A No.

11 Q Are you satisfied with your purchases from  
12 StockX?

13 A Um, I like the AWOKs. Yeah.

14 Q Why weren't you able to purchase the AWOKs  
15 from Nike directly?

16 A They were --

17 MR. MILLER: Objection to form.

18 THE WITNESS: [REDACTED]

[REDACTED] And to be honest, I didn't  
20 even try in the initial sale and then saw them  
21 around and decided I liked them, so hunted them  
22 down.

23 BY MR. FORD:

24 Q And what about the Jordans you purchased  
25 for your nephew, why did you buy them on StockX?

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1 MR. MILLER: Objection to form.

2 THE WITNESS: They were out of stock on  
3 Nike.

4 BY MR. FORD:

5 Q Have you ever purchased anything from GOAT?

6 A That's a good question. I don't believe  
7 so.

8 Q Have you ever purchased anything from  
9 Stadium Goods?

10 A No.

11 Q Have you ever purchased anything from  
12 Flight Club?

13 A No.

14 Q Have you ever purchased Nike products on  
15 any secondary marketplace other than StockX?

16 A Yes.

17 Q What other marketplace?

18 A Farfetch.

19 Q What have you purchased -- what Nike  
20 products have you purchased from Farfetch?

21 A Similarly some Jordans that I liked.

22 Q For yourself?

23 A For myself.

24 Q About how many?

25 A Two or three.